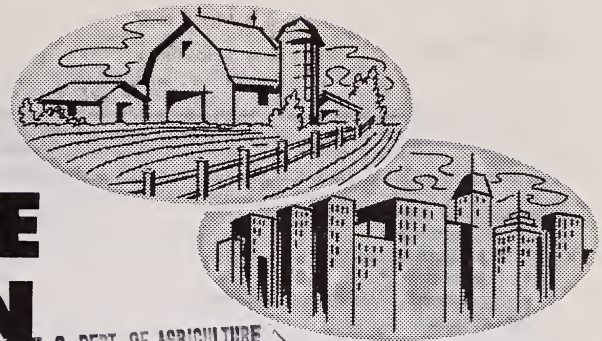
DEMAND AND PRICE SITUATION



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IN THIS ISSUE

REAPPRAISAL OF THE OUTLOOK FOR 1965

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Table 1.--Economic factors affecting agriculture

Item	Unit or base period	1964 Year	1964 Mar.	1964 Dec.	1965 Jan.	1965 Feb.	1965 Mar.
Industrial production 1/ 2/	1957-59=100	132	129	138	138	139	140
Final products	do.	132	129	137	138	138	139
Consumer goods	do.	131	129	137	138	137	139
Autos	do.	151	152	183	183	179	194
Equipment, including defense	do.	132	129	138	138	139	140
Materials	do.	132	129	138	139	140	141
Construction: 3/ 4/							
Total outlays	Mil. dol.	66,008	66,509	67,311	66,505	67,084	67,865
Public construction	Mil. dol.	20,054	19,586	21,127	20,199	20,082	20,231
Private residential	Mil. dol.	25,560	28,123	26,016	26,617	26,996	27,220
Housing starts, private only	Thousands	1,552	1,663	1,646	1,462	1,420	1,549
Mfrs'. shipments, orders and inv.: 2/3/							
Total shipments	Mil. dol.	37,129	36,222	39,318	38,885	38,786	
Durable goods	Mil. dol.	19,231	18,887	20,559	20,415	20,392	
Unfilled orders	Mil. dol.	57,044	50,697	57,044	57,317	58,195	
Inventory stocks, book value 5/	Mil. dol.	62,944	60,326	62,944	63,213	63,347	
Durable goods	Mil. dol.	38,412	36,079	38,412	38,495	38,654	
Employment and wages: 2/ 6/							
Total civilian employment	Millions	70.4	69.8	71.0	71.3	71.3	71.4
Nonagricultural	do.	65.6	65.2	66.5	66.8	66.7	66.9
Unemployment	do.	3.9	4.0	3.7	3.6	3.7	3.5
Workweek in manufacturing	Hours	40.7	40.6	41.2	41.4	41.3	41.5
Hourly earnings in manufacturing, unadj.	Dollars	2.53	2.51	2.58	2.59	2.59	2.60
Income and spending:							
Personal income 3/ 4/	Bil. dol.	491.4	482.9	505.9	510.2	511.0	513.5
Consumer credit outstanding 1/ 5/	Mil. dol.	76,810	68,913	76,810	76,145	75,741	
Automobile	Mil. dol.	24,521	22,471	24,521	24,574	24,743	
Total retail sales 2/ 3/	Mil. dol.	21,802	21,223	22,781	22,900	23,421	23,224
Durable goods	Mil. dol.	7,093	6,939	7,645	7,855	8,011	7,819
Inventory stocks, book value 5/	Mil. dol.	29,621	29,661	29,621	30,025	30,148	
Prices: 6/							
Wholesale prices, all commodities	1957-59=100	100.5	100.4	100.7	101.0	101.2	101.3
Commodities other than farm and food	do.	101.2	101.1	101.8	101.9	101.9	102.0
Farm products	do.	94.3	95.2	92.7	93.0	94.5	95.5
Foods processed	do.	101.0	100.5	100.8	102.2	102.1	101.8
Consumer price index, all items	do.	108.1	107.7	108.8	108.9	108.9	
Food	do.	106.4	105.7	106.9	106.6	106.6	
Prices received by farmers 7/	1910-14=100	236	239	234	236	238	239
Crops	do.	237	241	234	233	235	237
Livestock and products	do.	235	237	234	238	240	241
Prices paid, interest, taxes and wage rates 7/	1910-14=100	313	313	313	317	318	318
Family living items	do.	300	299	301	303	304	303
Production items	do.	270	272	270	272	273	273
Parity ratio 7/		75	76	75	74	75	75
Farm income and marketings: 7/							
Volume of farm marketings	1957-59=100	118	90	137	122	88	90
Cash receipts from farm marketings	Mil. dol.	36,748	2,414	3,585	3,283	2,359	2,500

Annual data for most of these items for years 1929, 1941, 1947 and 1951-64 appear on page 35 of this issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ Seasonally adjusted. 3/ U. S. Department of Commerce. 4/ Seasonally adjusted annual rates. 5/ End of year or month. 6/ U. S. Department of Labor. 7/ U. S. Department of Agriculture.

THE DEMAND AND PRICE SITUATION

Approved by the Outlook and Situation Board, April 22, 1965

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*** SUMMARY ***

The agricultural outlook for 1965 continues to be one of generally stable aggregate income. Gross income realized from farming in 1965 may exceed the $42 billion last year. But higher costs of feed, livestock, and overhead items are expected to increase expenses again in 1965 and realized net farm income likely will hold around the $12.6 billion of 1964. Slightly lower prices received by farmers in 1965 are in prospect due mostly to lower price support loan levels for grain and cotton. The lower grain and cotton prices will again be supplemented with increased Government payments to maintain farm income. With prospective increases in marketings, cash receipts from marketings of farm products in 1965 may total about the same as the $36.7 billion in 1964.

Output of farm products, particularly crops, is expected to increase in 1965. Last year, production held close to the 1963 level with gains in livestock products more than offset by reduced crop yields. Planting intentions for 1965 indicate increased acreage of soybeans, potatoes, grain sorghums, and dry beans. Gains are anticipated in output of beef, milk, poultry, and eggs but these may be about offset by a substantial decrease from a year earlier in hog slaughter, possibly 8 percent.

Economic activity accelerated during the earlier months of 1965, pushing the gross national product to a level more than $6\frac{1}{2}$ percent above a year earlier. A sharp rise in auto output from the fourth quarter was due in part to a recovery from a work stoppage in October-November. Steel output also rose sharply

as users accumulated inventories as a hedge against an anticipated strike this spring. Further gains anticipated in business investment, output, employment, and income are expected to raise the gross national product for all of 1965 about 6 percent above 1964. With rising employment and earnings and prospective reductions in excise taxes, consumer disposable incomes will continue to rise and lead to further increases in consumer spending for goods and services.

Rising plant capacity and continued expansion in demand led to industrial production during the first quarter at a level more than 8 percent above a year earlier. Final product prices have been rising slowly; consumer prices during the first quarter rose about 1 percent from a year earlier. Wholesale prices were up around $\frac{1}{2}$ percent; most of the rise was attributed to increased prices for industrial materials.

* * * * * * * *

Fed cattle marketings this spring and summer may be somewhat below year-earlier rates, but total beef production for the year is expected to exceed that of 1964. Fed cattle prices averaged above $25 per hundredweight for Choice steers in Chicago during April and are likely to continue near that level this spring. Pork production for the year is indicated around 8 percent below 1964 and the peak price this summer may be the highest since September 1958. Milk production is expected to total around 1 billion pounds more than last year's 126.6 billion with farm marketings gaining more than domestic consumption. The laying flock this fall is likely to average smaller in size than a year earlier and egg production during the fourth quarter also is expected to total less than in October-December 1964. Broiler production during July-December is likely to be higher and prices received lower than a year earlier.

Wheat stocks next July 1 are expected to be about the same as the 0.9 billion bushels a year earlier, and prospects are for the 1965 crop to about equal the 1.3 billion bushel 1964 crop. Lower feed grain yields and a reduced harvest in 1964 are resulting in smaller "free" supplies for the current marketing year; higher prices received by farmers; and, a likely reduction of 13 million tons in carryover stocks from the 69 million tons on hand at the beginning of the marketing season. Remaining supplies of soybeans are smaller than a year earlier, and prices during April-September are expected to continue well above the year-earlier level of $2.58 per bushel. Grower prices for most fresh fruits this spring are expected to remain below year-earlier levels partly because of heavier supplies. Supplies of fresh and processed vegetables this spring are expected to be moderately smaller than a year earlier. Remaining storage stocks of old crop potatoes are smaller than a year earlier, but larger spring-crop supplies are in prospect. Domestic use of cotton is up this year, but export shipments are lower and total use is running slightly below year-earlier levels. Carryover stocks of upland cotton next August 1 likely will total more than 10 percent above the 12.1 million bales on hand a year earlier. Based on March 1 intentions, prospective tobacco acreage is down around 15 percent this year, mostly a reflection of smaller acreage allotments. But growers of flue-cured tobacco will be offered, in a special referendum in May, an acreage-poundage program as an alternative to the present acreage control program. If the new program is favored by growers in the referendum,

Table 2.--Agricultural prices, marketings, and income, 1963 to date

Item	Unit	1963	1964					1965
		Year	I	II	III	IV	Year	I
Prices received by farmers	1910-14=100	242	241	234	234	235	236	238
Crops	1910-14=100	237	242	244	229	233	237	235
Livestock and products	1910-14=100	245	239	226	238	236	235	240
Prices paid, interest, taxes and wage rates	1910-14=100	312	313	313	313	313	313	318
Family living items	1910-14=100	298	299	300	300	301	300	303
Production items	1910-14=100	273	272	270	269	269	270	273
Parity ratio		78	77	75	75	75	75	75
Volume of farm marketings	1957-59=100	115	102	92	120	156	118	101
Crops	1957-59=100	118	90	59	125	193	117	86
Livestock and products	1957-59=100	113	111	117	116	129	118	113
Cash receipts from farm marketings 1/	Bil. dol.	36.9	8.1	7.2	9.1	12.3	36.7	8.1
Crops	Bil. dol.	17.0	3.3	2.4	4.2	6.9	16.8	3.2
Livestock and products	Bil. dol.	19.9	4.8	4.8	4.9	5.4	19.9	4.9
Farmers' realized net income 2/	Bil. dol.	12.5	12.3	12.3	12.5	13.3	12.6	12.4

1/ Seasonally adjusted annual rates are: 1964-I, $36.7 billion; II, $36.8 billion; III, $36.2 billion; and IV, $37.1 billion. 1965-I, $36.5 billior.

2/ Seasonally adjusted annual rates.

U. S. Department of Agriculture.

acreage of flue-cured will be larger than indicated in March, but the number of pounds that can be marketed will be limited.

*** GENERAL AGRICULTURAL SITUATION ***

Consumer spending for food this year is expected to total $2 or $3 billion above last year's $80 billion. This compares with a $4 billion rise last year. Population is continuing to expand about 1.4 percent per year and personal disposable income per capita is expected to continue gaining around 4 percent in 1964. In 1964, disposable income per capita rose to $2,248, an unusual gain of nearly 6 percent above the year before. Much of the increase in consumer use of farm products is expected among the crops, particularly for cotton, tobacco, and soybean products, and for fruits. Increases in total consumption of cattle and poultry products may be about offset by reduced consumption of pork. Foreign demands for most products are expected to continue near a year earlier; smaller shipments of wheat, cotton, and tobacco, point to slightly reduced export shipments of farm products in fiscal 1965.

Crops

Prospective plantings for 1965 indicate about the same acreage as was planted for the 1964 crop. With average weather this season, yields will likely recover from last year's reduced level and harvested acreage may slightly exceed that of 1964. Hence, crop output is expected to rise at least to the record-high level of 1963 when it was 112 percent of the 1957-59 average. Planting intentions in April pointed to acreage increases for soybeans, potatoes, grain sorghum, and dry beans. Acreage decreases were indicated for all major types of tobacco, largely because of reductions in acreage allotments. Gains in crop output this year likely will exceed growth in domestic and foreign markets, contributing to a subsequent general buildup in carryover stocks during the 1965-66 marketing year. Expectations for lower prices received for the 1965 crop are based in part on increasing supplies (such as for soybeans and potatoes), and in part on further reduction in loan levels (as for grains and cotton). Increased Government payments will help maintain farm income.

Stocks of feed grains and soybeans in all positions April 1 were well below a year earlier, reflecting lower yields for the 1964 crop, continued high exports, and increased domestic consumption during the 1964-65 marketing year (table 3). Prices received by farmers for all crops have been generally increasing from the reduced levels of last August. Even so, prices received by farmers for crops were 3 percent lower than a year earlier during the first quarter of 1965. Much of the price decrease was explained by lower loan levels than a year earlier for wheat and cotton. Increased Government payments are helping to maintain farm income.

Generally smaller carryover stocks of major farm commodities are expected at the close of the 1964-65 marketing season than a year earlier. Decreases indicated for feed grains and soybeans more than offset prospective gains for cotton and tobacco. Stocks of upland cotton next August 1 are expected to

Table 3.--Stocks of grains, April 1, 1965 with comparisons

Grain and position	April 1, 1963	April 1, 1964	April 1, 1965
	Mil. bu.	Mil. bu.	Mil. bu.
WHEAT			
On farms 1/	195.0	153.4	264.2
Off farms 2/	1,309.1	1,052.2	881.8
Total*	1,504.1	1,205.6	1,146.1
CORN			
On farms 1/	1,997.7	2,292.1	1,897.1
Off farms 2/	1,039.6	1,009.7	938.9
Total*	3,037.4	3,301.8	2,836.0
OATS			
On farms 1/	426.9	445.3	402.7
Off farms 2/	61.5	71.7	70.6
Total*	488.4	517.1	473.4
BARLEY			
On farms 1/	130.9	131.6	107.2
Off farms 2/	102.9	101.8	97.8
Total*	233.8	233.4	205.0
GRAIN SORGHUM			
On farms 1/	101.3	111.0	98.7
Off farms 2/	725.3	730.3	670.4
Total*	826.6	841.4	769.1
SOYBEANS			
On farms 1/	135.0	191.4	97.8
Off farms 2/	207.5	185.8	249.1
Total*	342.5	377.2	346.9

1/ Estimates of the Crop Reporting Board.
2/ Including grain owned by Commodity Credit Corporation.

* Totals from unrounded data.

total 13.4 million bales compared with 12.1 million a year earlier. Wheat stocks next July are expected to total about the same as the 900 million bushels a year earlier.

Livestock and Products

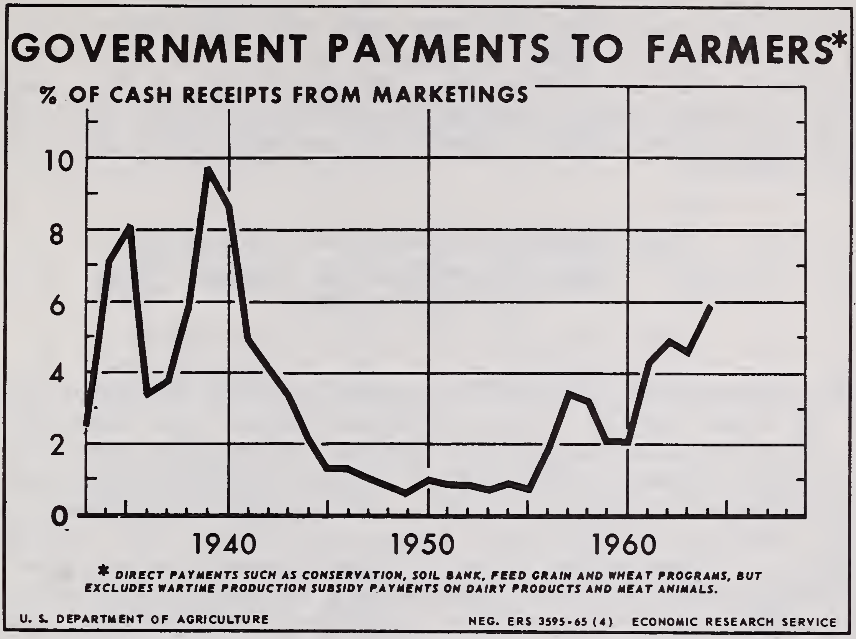
Production of livestock and products in 1964 totaled around 3 percent above the year before, but little further increase is in prospect for 1965. Gains anticipated for cattle and poultry products are likely to be about offset by an 8 percent reduction in hog slaughter. With continued expansion in the domestic market, the level of prices received for livestock and products during 1965 is expected to rise above 1964; most of the gain is likely to arise from higher hog prices. Fed cattle and lamb prices will also contribute to the increase.

Total red meat production during the first quarter was below year-earlier levels, with beef and veal slightly higher, lamb and mutton slightly lower, and pork down sharply. During 1963 and 1964, pork production was relatively high and prices received by farmers were relatively low; this year farmers are cutting back on hog production. The number of hogs and pigs on farms in 10 Corn Belt States on March 1 was 8 percent below a year earlier and 10 percent below 2 years earlier. The December-February pig crop in the 10 States was estimated 8 percent below a year earlier and intentions are to breed 8 percent fewer sows than a year earlier for farrowing during March-August. Prices received for hogs were 12 percent higher during the first quarter than a year earlier, and are expected to continue well above a year earlier through 1965.

Beef production during January-February was 3 percent above a year earlier. Free supplies of grain are below a year earlier but the outlook for a good forage supply is favorable through spring and summer. Milk production (daily average) during the first quarter of this year was $1\frac{1}{2}$ percent above a year earlier and is expected to total about 1 percent higher for the year. During 1964, increased demand for milk products, particularly in Western Europe, stepped up commercial exports sharply and resulted in higher prices received by farmers. This year, with increased production and reduced exports, prices received for milk are likely to average about the same as in 1964 despite a boost in the manufacturing milk support price. The support price was increased on April 1 to \$3.24 per hundredweight, 9 cents above a year earlier, as required by law.

Prices Paid by Farmers

Prices paid by farmers, including interest, taxes and wage rates, during the first quarter were 318 percent of the 1910-14 average, up $1\frac{1}{2}$ percent from a year earlier. Little further rise is in prospect for the remainder of 1965. With prices paid running higher than a year earlier, and prices received a little lower, the cost-price squeeze will be tighter than in 1964, when the parity ratio was 75 percent of its 1910-14 average. But Government payments to farmers are expected to total around $6\frac{1}{2}$ percent of cash receipts from marketings in 1965, up slightly from a year ago and up sharply from levels below 1 percent during 1948-55 (see chart).



A slight gain in prices paid for production items this year is stemming from higher prices paid for livestock, vehicles, and machinery. Interest and taxes are up and wage rates likely will continue to rise. Farm wage rates in April were 4 percent above a year earlier. Prices paid for family living during the first quarter were more than 1 percent above the 1964 level.

Machinery and Equipment Purchases

Farmers' purchases of tractors and other farm machinery and equipment have been rising steadily during the current business expansion. With prospects for a further rise in general business activity and continued stability in realized net farm income, new investments are expected to continue rising during 1965. From 1920 forward, the only other periods of similarly sustained increases in farmers' purchases of tractors, machinery, and equipment occurred during recovery from the depression (1934-37) and again during recovery from the pent-up demands of World War II (1947-51). These two earlier periods of sustained purchases can be explained as recovery from restrictions on purchases which were outside the control of individual farmers. The present buildup is evidently based on growth and optimism on both the supply side and the demand side of the tractor, machinery, and equipment market. Innovation, including a continuing trend to bigger and more powerful machines meeting the needs of larger farms, has helped to expand the market.

Prices paid by farmers for tractors and other machinery and equipment are continuing their long-term uptrend. This trend was relatively strong during the postwar period, running around $2\frac{1}{2}$ percent per year for motor vehicles and for farm machinery, for the last decade. The quantities of farm tractors, machinery, and equipment moving through the market, however, declined somewhat through the decade of the 1950's. Quantities purchased have risen sharply so far during the 1960's.

*** FACTORS AFFECTING THE DEMAND FOR FARM PRODUCTS ***

Several crosscurrents pervaded an unusually sharp expansion of economic activity in the first quarter. Gross national product rose about $15 billion, annual rate, from the previous quarter, one of the sharpest quarterly advances on record. Consumer incomes were boosted by increased employment and earnings, and spending increased faster than income. Large gains in consumer outlays for durable goods reflected in large part a recovery from the auto strikes of the previous quarter. Extraordinary forces in the business sector played a large role in the January-March advance, contributing at least one-third of the gain. Recent work stoppages in the automotive industry and the possibility of a steel strike resulted in a bunching of output gains in the first quarter. An abnormally large rate of inventory accumulation probably borrowed from future steel output, indicating slower growth in the coming months as enlarged stocks are drawn down.

Income and Expenditures

Personal income increased to an annual rate of $512 billion in the first quarter, up about 2 percent from the previous quarter and 6 percent from a year earlier. Wage and salary disbursements, which constitute about 68 percent of personal income, were up 7 percent in January-March from a year earlier. Other forms of consumer income--dividends, business and professional income, and interest income--were also ahead of 1964 levels.

Some of the increased flow of income was required for personal tax payments. However, disposable income rose to a $449 billion annual rate, 7 percent above a year earlier. Short supplies of automobiles in October-December 1964 resulted in "unplanned" increases in consumer savings. The savings rate, at 8.0 percent in the fourth quarter, was slightly higher than in the quarter immediately following last year's tax cut. Some of these savings apparently were spent in the first quarter when the rate of saving dropped to 6.8 percent of disposable personal income.

Consumer Spending Up Sharply

With a buildup of purchasing power, and with ready availability of credit, consumption expenditures shot up nearly $12 billion from the previous quarter to a $418 billion annual rate. The rise in spending for durables was from auto-

Table 4.--Other economic factors affecting agriculture (seasonally adjusted annual rates)

Item	Unit	Year 1964	1964 I	1964 II	1964 III	1964 IV	1965 I 1/
Gross national product	Bil. dol.	622.6	608.8	618.6	628.4	634.6	649.0
Personal income	Bil. dol.	491.4	480.9	487.9	494.5	502.2	511.6
Disposable personal income	Bil. dol.	431.8	419.5	430.2	435.6	442.1	448.7
Personal consumption expenditures	Bil. dol.	399.3	390.0	396.1	404.6	406.5	418.2
Durable	Bil. dol.	57.0	55.9	57.0	58.7	56.3	61.7
Nondurable	Bil. dol.	177.3	172.9	175.3	179.5	181.3	184.8
Services	Bil. dol.	165.1	161.1	163.8	166.4	169.0	171.6
Personal saving	Bil. dol.	32.5	29.5	34.0	31.0	35.5	30.5
Net government receipts	Bil. dol.	125.7	125.2	124.1	126.6	127.7	---
Government purchases	Bil. dol.	128.6	125.2	129.6	129.5	130.0	130.0
Deficit or surplus (on income and product account)	Bil. dol.	-2.9	2/	-5.5	-3.0	-2.3	---
Gross private domestic investment	Bil. dol.	87.7	85.9	87.2	87.3	90.4	94.4
Fixed investment	Bil. dol.	84.0	83.4	83.5	84.5	84.7	87.9
Change in business inventories	Bil. dol.	3.7	2.5	3.7	2.8	5.7	6.5
Expenditures for plant and equipment	Bil. dol.	44.90	42.55	43.50	45.65	47.75	3/48.85
Corporate profits (before taxes)	Bil. dol.	57.5	56.6	57.9	58.0	57.7	---
Net exports of goods and services	Bil. dol.	7.0	7.7	5.7	7.0	7.7	6.4
Overall foreign payments balance	Mil. dol.	-2,761	-476	-2,644	-2,636	1/-5,288	---
Population 4/	Millions	192.1	191.2	191.8	192.5	193.2	193.8
GNP implicit price deflator	1964=100	100.0	99.3	99.7	100.3	100.6	101.2
Per capita disposable personal income (1964 prices)	Dollars	2,248	2,205	2,245	2,261	2,281	2,293

1/ Preliminary. 2/ Less than $50 million. 3/ Estimates based on anticipated capital expenditures as reported by business. 4/ Population of the United States including Armed Forces abroad. Annual data as of July 1; quarterly data centered in the middle of the period.

Departments of Commerce, Agriculture, and Securities and Exchange Commission.

mobiles, selling at a phenomenal rate throughout the first quarter. Spending for other durables was about the same as in the previous quarter. Among nondurable goods: Spending for food and beverages in the first quarter was about 6 percent above the first quarter of 1964; apparel outlays were 10 percent higher; and, spending for other nondurables was up 6 percent.

Outlays for services continued to rise; expenditures for household operation, medical care, and the rental costs of housing led the secular rise in expenditures for services. Consumer spending for most other types of services rose further during the early months of 1965.

Private Investment

Private fixed investment expenditures rose further in the first quarter to an annual rate of $87.9 billion, 5 percent above a year earlier. Outlays for residential construction rose after having declined in the preceding 3 quarters. However, the downtrend in housing starts, now $1\frac{1}{2}$ years old, continued in the first quarter. The rate of housing starts is a major indicator of future construction outlays. This sluggishness in housing starts, now around 14 percent below the first quarter of 1964, points to some further decline in residential construction outlays during the coming months.

Business investment in plant and equipment and in nonresidential buildings provided an upward thrust to private fixed investment during recent quarters. Spending by business for durable equipment rose in January-March to a level 11 percent above a year earlier. The rise in the first quarter was larger than the average for the past 2 years, largely because some expenditures for transportation equipment were delayed by auto strikes in October-November last year. Nonresidential construction outlays also rose in January-March, with increases in industrial and public utility spending more than offsetting a decline in commercial construction. Building expenditures by private institutions were unchanged from the fourth quarter of 1964.

Capital Spending to Continue Rise

Recent additions to plant capacity have not kept pace with needs, and plants are being operated closer to preferred rates than a year earlier. Consequently, businessmen's investment plans point to further expansion in plant and equipment outlays throughout the remainder of 1965 (table 5). According to the Department of Commerce-SEC February survey, businessmen plan to spend 12 percent more for fixed investment in 1965 than the $44.9 billion in 1964. All major industry groups plan larger outlays with the largest increases in manufacturing (16 percent) and railroad (15 percent) industries. Anticipated advances in food and beverage expenditures (11 percent) are about in line with the average for all industries.

The rise in the rate of inventory investment by business in the first quarter was sparked by stockpiling as a hedge against a steel strike. In addition, wholesalers' and retailers' stock accumulations picked up about in line with rising sales. Business inventories in January-March accumulated at

Table 5.--Expenditures for new plant and equipment, 1964 and estimates for 1965, seasonally adjusted annual rates

(Billion dollars)

Industry	1964 I	II	III	IV	Year	1965 1/ I	II	2nd half	Year
Manufacturing	17.40	17.80	18.85	20.15	18.58	20.95	21.30	21.85	21.53
Durable goods	8.85	9.00	9.60	10.15	9.43	10.60	10.60	10.85	10.71
Nondurable goods	8.55	8.80	9.20	10.00	9.16	10.40	10.70	11.00	10.83
Food and beverages	1.05	1.00	1.10	1.10	1.06	1.20	1.30	1.10	1.18
Mining	1.15	1.15	1.20	1.30	1.19	1.20	1.30	1.35	1.31
Railroads	1.40	1.25	1.50	1.55	1.41	1.75	1.45	1.65	1.62
Other transportation	2.30	2.25	2.40	2.60	2.38	2.50	2.75	2.50	2.57
Public utilities	5.95	6.30	6.30	6.35	6.22	6.40	6.45	6.65	6.56
Commercial and other	14.30	14.75	15.40	15.80	15.13	16.00	16.40	16.90	16.58

1/ Estimates based on anticipated capital expenditures as reported by business in February 1965. Includes adjustments when necessary for systematic tendencies in anticipatory data.

Securities and Exchange Commission and U. S. Department of Commerce.

a $6.5 billion annual rate, $2.8 billion above the average rate of accumulation in 1964. Although some further buildup is expected, the rate of accumulation likely will slow if consumer buying increases as expected.

Government Demand

Government purchases of goods and services leveled in January-March; a decline in Federal outlays was about offset by a rise in State and local purchases. This compares with an average quarterly advance over the past 2 years of about $1½ billion, annual rate. Lower Federal tax rates are shifting some purchasing power from the Federal Government to the private sector. Federal purchases in the first quarter were about the same as a year earlier. The continued secular advance of expenditures by State and local governments has accounted for all the rise in the government sector during the past 2 years. Nearly 40 percent of State and local outlays are for educational purposes. Another 18 percent are highway expenditures and about 10 percent are expenditures for public health. On the other hand, about 85 percent of Federal purchases are for national defense and space programs.

Production and Employment

Increases in production and employment accompanied the sharp expansion in gross national product in the first quarter. And in view of heavy inflows of new orders and rising backlogs of unfilled orders, production is expected to continue rising in coming months. The Federal Reserve index of industrial production averaged 139.1 (1957-59=100), 8 percent above a year earlier. Output increased in nearly all major categories. Automobile production in the first quarter was 185 percent of the 1957-59 average. This was 20 percent above the first quarter of 1964. The sharp rise from the fourth quarter was due in part to recovery from auto strikes in October-November of last year. Steel output in January-March was 21 percent above a year earlier as steel users built up inventories.

First quarter output of most other types of goods also rose from a year earlier and from the previous quarter. Production of household goods and apparel was about 8 percent above a year earlier; output of drugs, toiletries, etc., increased 9 percent. Processed food production was up only about 2½ percent.

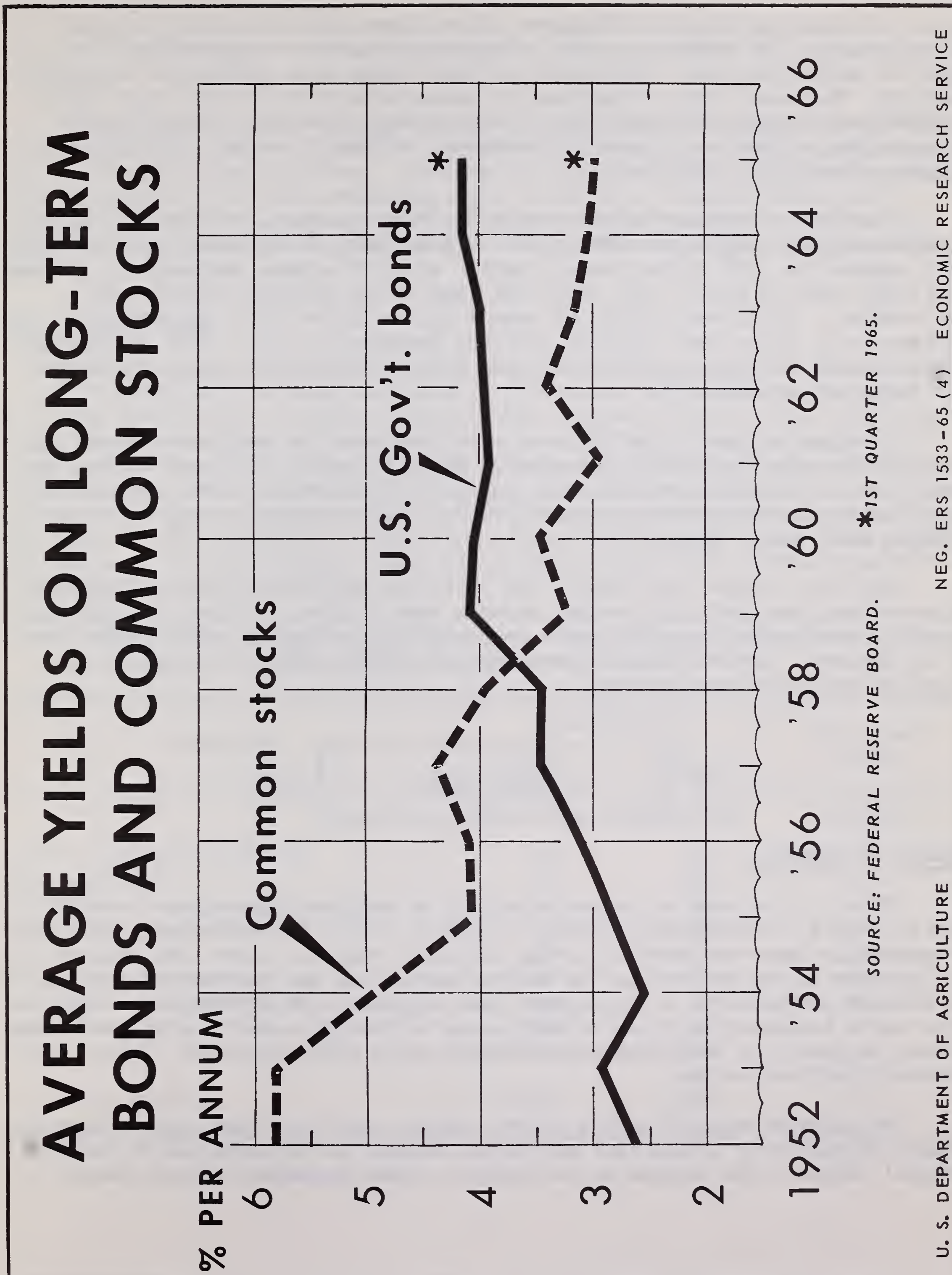
Production of business equipment has been expanding even more sharply than output of consumer goods. The index of business equipment output rose to 149 in the first quarter, 12 percent higher than a year earlier. In view of businesses' capital expenditure plans for the rest of 1965, output of equipment is likely to continue to expand in coming months.

Employment in January-March averaged 71.3 million persons, 630,000 more than in the previous quarter, after seasonal adjustment. About 1.6 million more persons were employed than in the first quarter of 1964 and, with increased overtime, the length of the workweek in manufacturing industries rose to 41.4 hours compared with 40.5 a year earlier. The civilian labor force increased at a slower pace than employment during the past year and the rate of unemployment has been declining slowly--down to 4.8 percent in the first quarter of this year from 5.4 percent a year earlier. The unemployment rate among experienced workers, usually slightly less than the rate for all workers, was 4½ percent. The rate for married men currently is about half that of all workers.

Manufacturing accounted for about one-third of the gains in employment during the past year, with wholesale and retail trade making up another one-third. Federal employment in the first quarter was about the same as a year earlier, but State and local payrolls increased by 362,000 persons.

Money Supply, Interest Rates, and Prices

The Nation's money supply (demand deposits plus currency) has been growing at an average rate of 4 percent per year during the current business expansion. But during the first quarter of this year it totaled just under $160 billion, about the same as in the fourth quarter of 1964. Generally, fluctuations in the money supply and in overall liquidity of the economy influence interest rates, credit availability and, hence, economic expansion. But the growth in money needed to support a given rate of economic expansion


AVERAGE YIELDS ON LONG-TERM BONDS AND COMMON STOCKS
% PER ANNUM
6
5
4
3
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Common stocks
U.S. Gov't. bonds
*
*
1952
'54
'56
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'62
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SOURCE: FEDERAL RESERVE BOARD.
*1ST QUARTER 1965.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 1533-65 (4) ECONOMIC RESEARCH SERVICE

varies with changes in the willingness of consumers and businessmen to hold money balances. In addition, other liquid assets serve as substitutes for money in varying degrees, and growth in these assets also influences economic activity. The sharp rate of increase in economic activity in the first quarter occurred even though the money supply was virtually constant. Time deposits rose sharply and the use of credit increased, helping to expand total liquidity enough to facilitate the rise.

Short-term interest rates rose in the first quarter, reflecting somewhat tighter monetary conditions. The yield on 3-month U. S. Treasury bills averaged 3.90 compared to 3.68 in the fourth quarter and 3.54 a year earlier. U. S. long-term bonds sold to yield 4.15, about the same as the previous quarter and a year earlier. The average yield on common stocks in the first quarter, at 2.99, was well below that obtained on U. S. Government bonds. With rising stock prices, yields on common stocks have been below the yield on long-term Government bonds since late 1958.

Consumer prices in the first quarter continued the moderate advance of recent years. The price rise accompanied large increases in demand during the past 2 years. Prices of commodities, including food prices, were estimated up less than 1 percent from January-March 1964. But the cost of services in the CPI rose more than 2 percent.

Wholesale prices rose during the last half of 1964 and early 1965 but in January-March were only 0.6 percent above a year earlier. Prices of industrial materials were up 4.6 percent from a year earlier; producers' goods prices were up 1.3 percent. However, these increases were partly offset by declines in wholesale prices of farm products.

*** FOREIGN TRADE ***

Balance of Payments

The U. S. balance of payments deficit on regular transactions doubled from the third to the fourth quarter of 1964 to a $5.3 billion annual rate, but it apparently improved somewhat during the first quarter. More than half of the increase in the deficit in the fourth quarter was due to temporary factors. The British postponed U. S. Government loan repayments of $138 million. And, there was a temporary increase in new issues of foreign securities in the United States, purchases of which had been deferred until after enactment of the Interest Equalization Tax.

Merchandise exports in the fourth quarter rose more than imports despite smaller shipments of automobiles and partly because of anticipation of the dock workers' strike. The balance on merchandise trade increased slightly in the

fourth quarter, but net inflows of income on investments abroad decreased. As a result, the goods and services surplus continued near the rate of the third quarter.

Increased outflows of private capital and outflows resulting from Government transactions raised the deficit on these accounts to a $11\frac{1}{2}$ billion annual rate during the fourth quarter. Outflows of private capital in 1964 rose more than 50 percent from 1963, prompting curbs on flows of capital abroad and inauguration of a voluntary reduction by banks and businesses of outflows of funds resulting from operations abroad. This voluntary program is apparently reducing outflows of capital.

Agricultural Trade

U. S. exports of agricultural commodities in fiscal 1964-65 are expected to be down slightly in value from last year's record $6.1 billion. Exports are being affected by a return to more normal levels of wheat trade, which had been stimulated by poor harvests in Europe and the USSR; and, by declines in exports of cotton and tobacco, which are facing increased world competition. These declines will be partly offset by further increases in soybeans, soybean oil cake and meal, vegetable oils, and animals and animal products (especially the value of dairy products, animal fats, hides, and skins). Feed grain exports are expected to be maintained by strong consumer demand for livestock products in the industrialized countries.

Table 6.—U. S. agricultural exports, value of major commodities, July-February 1963-64 and 1964-65

Commodity	July-February		Percentage change
	1963-64	1964-65	
	Mil. dol.	Mil. dol.	Percent
Cotton, excluding linters	458	375	-18
Dairy products	122	139	14
Feed grains, excluding products	566	538	-5
Fruits and preparations	195	192	-2
Soybeans	354	364	3
Tobacco, unmanufactured	327	271	-17
Vegetables and preparations	109	97	-11
Wheat and flour	947	781	-18
Other	955	1,025	7
Total exports	4,033	3,782	-6

U. S. Department of Agriculture.

Exports for the 8-month period (table 6) reflect the effects of the East Coast and Gulf ports Longshoremen's strike of January-February 1965. Total exports for July-December (before the strike) were running 9 percent above the previous year, with strong increases to then in feed grains, oilseeds and products, and animals and animal products, although part of the increase was in anticipation of the strike. January-February exports were down almost one-half from the same period last year. Preliminary figures for agricultural exports in March show a considerable recovery. This recovery, which should be sustained in future months, along with the heavy anticipatory exports of November-December, will offset much of the effect of the strike.

Agricultural imports for consumption during July-February were 7 percent below a year earlier (table 7) compared with a 5 percent rise the year before. The shipping strike lowered imports in January and February 1965. However, with large imports before and since the strike, the total for the year may be little affected. Beef and veal imports declined sharply in July-February primarily due to higher prices in other countries, and increased domestic production. With smaller imports of sugar, declines outweigh increases in most other supplementary (partially competing) imports. Complementary (noncompeting) imports declined slightly. During the same period, nonagricultural imports increased about 9 percent.

Table 7.--U. S. agricultural imports for consumption, value of major commodities, July-February 1963-64 and 1964-65

Commodity	July-February		Percentage change
	1963-64	1964-65	
	Mil. dol.	Mil. dol.	Percent
Animals, live	46	41	-11
Dairy products	37	40	8
Meats and meat products	366	251	-31
Oilseeds and products	104	113	9
Sugar, cane	383	292	-24
Tobacco, unmanufactured	66	82	24
Wool, apparel	65	78	20
Other supplementary	444	431	-3
Total supplementary	1,511	1,328	-12
Coffee	705	698	-1
Cocoa beans	80	76	-5
Rubber, crude, natural	118	120	2
Wool, carpet	79	47	-41
Other complementary	217	246	13
Total complementary	1,199	1,187	-1
Total imports	2,710	2,515	-7

U. S. Department of Agriculture.

*** CURRENT COMMODITY SITUATION ***

LIVESTOCK AND LIVESTOCK PRODUCTS

Meat Animals

The number of meat animals on farms at the start of 1965 declined for the first time since 1958, down 1 percent from a year earlier. The cattle inventory increased slightly during 1964, but the number of hogs dropped 9 percent and the sheep and lamb inventory declined 5 percent. Slaughter rates early in 1965 point toward a further reduction in the number of meat animals on farms by January 1, 1966.

Commercial cattle and calf slaughter in January and February was up 7 percent from a year earlier. Furthermore, the average weekly slaughter rate under Federal inspection was up more than this in March and April. Slaughter increased for all classes of cattle. Cow slaughter continued at the high level of last fall while steer and heifer slaughter has shown moderate gains over a year earlier. Cow slaughter is expected to remain large in the months ahead, but the increase over a year earlier may not be as large after midyear.

Fed cattle marketings this spring and summer likely will continue large, but somewhat below year-earlier rates. The number of cattle and calves on feed in 32 States on April 1 was down 2 percent and producers' reported intentions to market 4 percent fewer animals in April-June than a year earlier. Cattle on feed weighing more than 900 pounds were down 18 percent, but lighter weight cattle were up 5 percent.

Fed cattle prices averaged a little above $24 per 100 pounds liveweight during the winter months (Choice steers at Chicago) and in April were between $25 and $26. Fed cattle prices likely will continue near this level into the summer months. Prices last year were given substantial boosts from the USDA beef purchase program and from a switch to lighter marketing weights. No purchase program has been announced for this spring and summer and fed cattle likely will continue going to slaughter at lighter weights.

Commercial hog slaughter averaged 11 percent below year-earlier levels during January and February although weekly rates under Federal inspection were down less than this during March and early April. The reduction in hog slaughter this winter reflected the 8 percent smaller 1964 fall pig crop than the year before. This year's spring crop likely will be down 8 percent and producers have reported intentions to reduce the first half of the fall crop (June-August farrowings) by 8 percent. Thus, hog slaughter is expected to continue well below year-earlier rates this summer and fall and into 1966.

Hog prices were around $17.50 at 8 markets in April, about $3 above year-earlier prices. Moreover, prices likely will remain above 1964 throughout the year. The summer peak this year may be higher than any year since 1958 when barrows and gilts at 8 markets rose to $20.42 in September.

Sheep and lamb slaughter has been running considerably below 1964 this year and is expected to stay relatively low this spring and summer. The 1965 lamb crop is expected to be down 3 to 4 percent from last year because of the 4 percent reduction in ewes 1 year old and over on farms at the beginning of this year. The early lamb crop is estimated to be down only 2 percent.

Choice slaughter lambs at Denver averaged $23.82 the first week in April, $2.70 above the same week a year earlier. Prices likely will continue to average well above 1964 this spring and summer in response to smaller slaughter supplies.

Milk and Dairy Products

First quarter 1965 milk production rose 1.5 percent on an average daily basis during the first quarter from a year earlier. Colder weather in heavy milk producing States held back production, but increased feeding of grain and concentrates contributed to this year's gains. Gains in late spring and summer will depend on whether pasture conditions are better than last year and whether a heavy rate of grain feeding continues. For the year, current indications are for a billion pound increase above the 1964 milk output of 126.6 billion pounds.

Farmers received $4.27 per 100 pounds for milk sold wholesale during the first quarter of 1965, 3 cents above a year earlier. The price for milk eligible for fluid use was unchanged, but the price of manufacturing grade milk was 6 cents per 100 pounds higher. The price of milk sold wholesale is expected to average about the same this year as in 1964.

Dairy support prices were continued at 75 percent of parity for the marketing year that began April 1, 1965. The support price of $3.24 per 100 pounds for manufacturing milk is 9 cents above a year earlier and butterfat in farm-separated cream at 59.4 cents per pound is up 1.4 cents. To maintain producer average returns at the support level, Commodity Credit Corporation (CCC) buying prices for butter and Cheddar cheese were raised 1 cent and ½ cent per pound, respectively.

With prospects for a 1 percent increase in marketings, cash receipts from milk and cream in 1965 are likely to be a little larger than the $5.0 billion of 1964. Cash receipts in 1964, a record level, gained 3 percent from 1963, with increases in both marketings and prices.

Combined net CCC price support purchases and payment-in-kind (PIK) exports removed 317 million pounds of butter, 135 million pounds of cheese, and 1,223 million pounds of nonfat dry milk from the domestic market in the marketing year ended March 31. This totaled 8.2 billion pounds of milk equivalent compared with 7.5 billion in 1963-64. This does not include 36 million pounds of butter

CCC sold back to the trade for domestic use. Total purchases (delivery basis) and PIK exports combined were 7.6 percent of the milkfat and 12.3 percent of the milk solids-not-fat marketings in the United States. Combined deliveries and PIK exports of butter, cheese, and nonfat dry milk in the first quarter of 1965 were about 1/5 above the same period of 1964. For the marketing year 1965-66, total CCC removals from the domestic market on a milk equivalent basis may rise slightly above those in 1964-65.

Output of American cheese this calendar year through April 1 gained 4 percent over a year earlier, while butter production rose 1 percent. Demand for cheese is increasing relative to butter. Cheese production for all 1965 is expected to continue increasing relative to butter output.

Exports of butter and nonfat dry milk are expected to be less in 1965 than a year earlier; Government stocks were lower at the start of 1965 and milk production is up in Western Europe, Australia, and New Zealand. However, commercial and CCC export sales can be expected to remain high by historical standards.

Poultry and eggs

Sharp reductions in the hatches of replacement chicks in recent months materially altered the 1965 outlook for egg production and prices. In February-March, 55 million pullet chicks were started as flock replacements compared with 64 million in these months last year. And eggs in incubators on April 1 for egg-type chick production in the first 3 weeks of April were down 19 percent from a year earlier. Reduced hatchings mean fewer new layers will be added to the Nation's laying flock this fall than last. Consequently, by the fourth quarter the number of layers on farms is likely to be down from October-December 1964. Even after allowing for some further expected uptrend in the rate of lay after midyear, egg production in October-December also probably will be below a year earlier. Egg production in the first quarter, on a daily average basis, ran 1 percent above a year earlier and is expected to continue about as high as, or slightly higher than a year earlier in the second quarter.

Prices received by producers for eggs in January-March averaged 30.7 cents per dozen, down from 4.9 cents in the same period last year. Between mid-March and mid-April, prices increased contraseasonally. In Iowa prices for large farm run eggs advanced from 22-24 cents per dozen on March 15 to 24-27 cents on April 15; that is, from 1½ cents under a year earlier to 3 cents over. This sharp rise in prices stemmed from a combination of factors. First, laying flocks nearing the end of their production period were sold off more rapidly in the first quarter than in this period last year because of extremely depressed egg prices. Thus, the Nation's laying flock was reduced from 1 percent larger than a year earlier on January 1 to 1 percent smaller on April 1. Second, severely cold weather over much of the Nation in the second half of March adversely affected the rate of lay. Reflecting both of these developments, the rate of egg production on April 1 was 2 percent lower than a year earlier. Third, Easter this year was 2 weeks later than last year. Fourth, demand from

egg breakers may have strengthened a little as a result of the reduced hatchings of replacement chicks.

Egg prices weakened after Easter. Price quotations for farm run eggs in Iowa fell about $2\frac{1}{2}$ cents between April 15 and April 21. On April 21 they were mostly 1 cent over a year earlier. Egg prices in April-June are likely to average somewhat lower than in these months last year even though the storage demand may be stronger. However, the seasonal rise in prices is likely to be greater than in 1964, carrying prices above last year's level late in 1965.

Federally inspected young chicken slaughter in January-March was 3 percent greater than in this period of 1964. Based on first quarter hatchings, slaughter in April-June is likely to be up by about a like percentage. Despite larger supplies, broiler prices to producers in January-March averaged 15.0 cents per pound compared with 14.3 cents a year earlier. Prices are likely to continue higher in the second quarter. Reduced competition from red meat and turkey are factors in the higher broiler prices.

In the second half, some further increase in broiler production above the 1964 level is expected; broiler prices have been higher than a year earlier in each of the past 3 quarters and this has caused a buildup in hatchery supply flocks. The broiler production rise in July-December is expected to be great enough to drive prices in July-December to below those in that period of 1964.

Turkeys raised in 1965 may increase in number from the 100 million in 1964 but by much less than the 4 percent indicated by a grower survey last February. This year's crop will come from poult hatchings in September 1964-August 1965. From September through March, 37.2 million poults were hatched, 1 percent fewer than in the same period a year earlier. On April 1, eggs in incubators were down 3 percent from a year earlier. However, hatchings are expected to pick up after April.

Turkey supplies were a little smaller than a year earlier in the first quarter, mainly because of a smaller carryover of frozen birds from the 1964 crop. Prices received by producers in January-March averaged 22.2 cents, up from 21.8 cents a year earlier. Prices are likely to continue higher at least through summer. If the increase in turkey production in 1965 is held to about 2 percent, turkey prices in the main marketing season, September-December, are likely to average about the same as the 21.2 cents in these months last year.

Wool

The outlook for the U. S. wool industry in 1965 is for a further decline in sheep numbers, less wool production, moderately higher mill consumption of apparel and carpet wool, and an increase in imports of raw wool and wool products. Domestic wool prices during 1965 will average considerably less than in 1964, when they were the highest since 1957.

U.S. shorn wool production will continue to decline in 1965 due to a further reduction in sheep numbers. On January 1, 1965, the number of sheep and lambs, including stock and those on feed, totaled 26.7 million head, 5 percent less than a year earlier. Shorn wool production during 1964 amounted to 222 million pounds, grease basis, compared with 238 million in 1963. Shorn and pulled wool production during 1964 totaled 119 million pounds, clean basis, 8 percent less than in 1963.

The average price received by wool growers for shorn wool during 1964 was 53.2 cents per pound, grease basis, 10 percent more than in 1963 and the highest since 1957. The 1964 average price resulted in an incentive payment of $16.50 for every $100 of shorn wool marketed to bring the average price received by producers up to the support level of 62 cents per pound. The average price received for shorn wool in April 1965 was about 15 percent less than that received during March-June 1964. Domestic wool prices during 1965 are expected to remain below year-earlier levels due to the lower price level prevailing in world markets, which results from declining foreign mill use, larger world supplies, and further shifts to man-made fibers.

Mill consumption of raw wool during 1965 will total more than the 355 million pounds, scoured basis, used in 1964. Both apparel and carpet wool use are expected to increase in 1965. Apparel wool mill use probably will total near 250 million pounds in 1965 compared with 234 million in 1964. Carpet wool mill use likely will total 125 to 135 million pounds compared with 122 million in 1964.

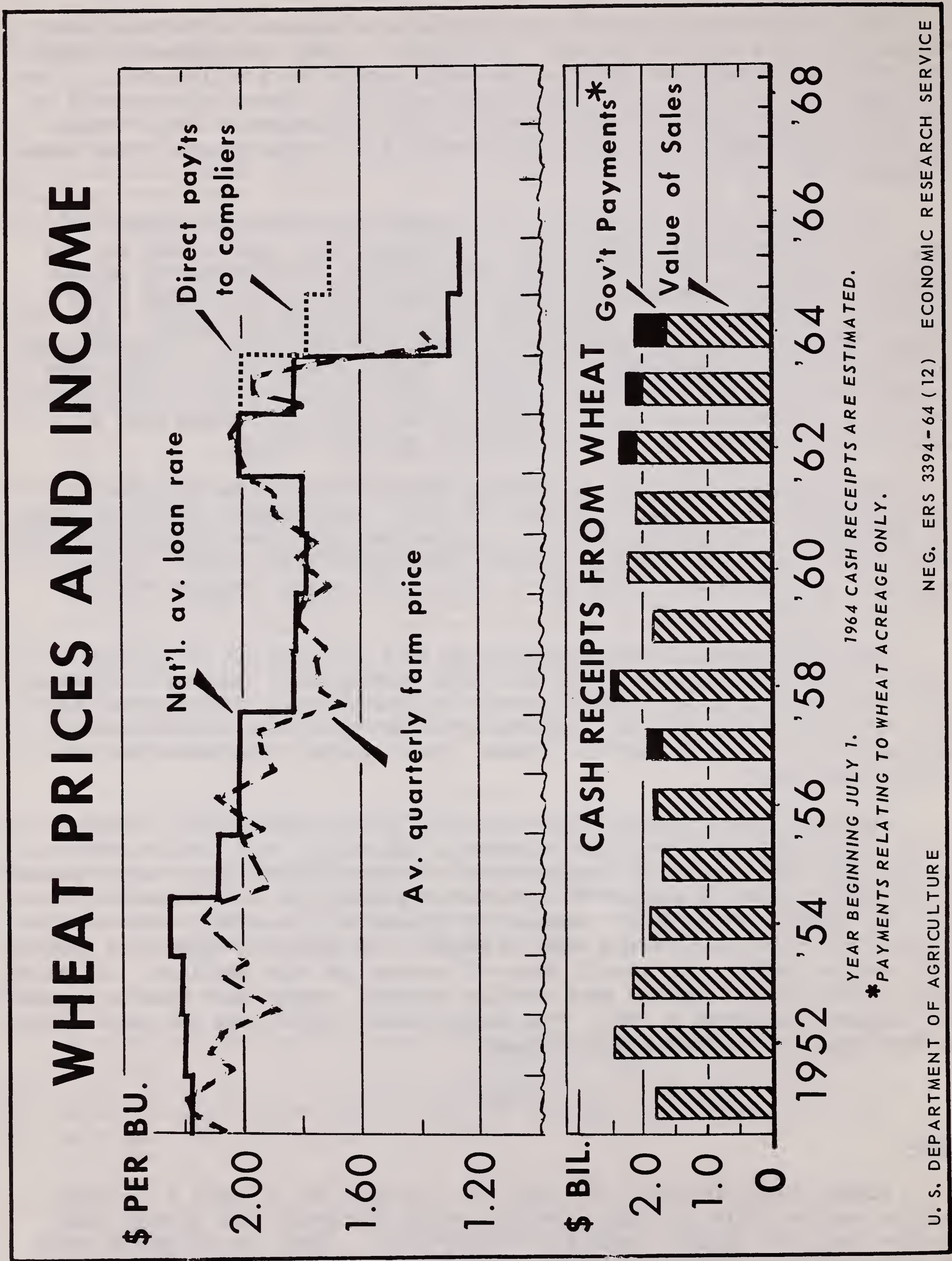
Imports of dutiable and duty-free raw wool are expected to increase in 1965 due to the anticipated larger U.S. mill consumption. Imports of apparel wool (dutiable) likely will total 110-120 million pounds, clean content, compared with 98 million in 1964. Imports of carpet wool (duty-free) probably will amount to 130 to 140 million pounds, clean content, compared with 114 million last year.

The anticipated increased mill activity in the domestic wool industry likely will result in a moderate increase in imports of wool textile products during 1965. Net imports of semiprocessed and manufactured wool textile products during 1964 declined 9 percent to 134 million pounds, raw wool equivalent, from the record high in 1963. Imports of apparel wool textile products declined, but imports of carpets and rugs increased. In contrast, exports of apparel wool textile products increased; those of carpets and rugs declined. All major import categories of apparel wool textile products, except knit wearing apparel and blankets, declined in 1964. The semiprocessed items--tops and yarns--declined more than the finished apparel items.

CROPS

Wheat

Winter wheat production for 1965 was estimated as of April 1 at 1,037 million bushels while the March planting report estimated that farmers might produce about 261 million bushels of spring wheat. These two estimates point to an all-wheat production of about 1,298 million bushels, about the same as in 1964. Adding the estimated 1965 production to the anticipated July 1, 1965,


WHEAT PRICES AND INCOME
$ PER BU.
2.00
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1.20
Nat'l. av. loan rate
Direct pay'ts to compliers
Av. quarterly farm price
CASH RECEIPTS FROM WHEAT
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2.0
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Gov't Payments*
Value of Sales
1952
'54
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YEAR BEGINNING JULY 1. 1964 CASH RECEIPTS ARE ESTIMATED.
*PAYMENTS RELATING TO WHEAT ACREAGE ONLY.
U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 3394-64 (12) ECONOMIC RESEARCH SERVICE

carryover of 905 million bushels, along with an allowance for the usual negligible imports, provides a total supply for the 1965-66 marketing year of 2,205 million bushels, about the same as the 2,195 million a year earlier.

The sign-up to participate in the 1965 Wheat Program ended on April 2, and about 7.5 million wheat acres were enrolled for diversion and conserving uses compared with 5.1 million last year. About 2.5 million acres of this intended diversion from the 53.3 million acre national allotment was voluntary diversion. The other 5.0 million acres represented land put into conserving use to qualify the producer for price support loans and marketing certificates. About 84 percent of the national wheat allotment is enrolled in the 1965 program compared with 76 percent in the 1964 program. The national average price support loan for 1965-crop wheat is $1.25 per bushel, 5 cents below that for the 1964 crop. The value of each of the marketing certificates is raised 5 cents, to 75 cents for the domestic certificate and 30 cents for the export certificate.

Domestic disappearance in 1965-66 is expected to be around 650 million bushels compared with the estimated 615 million for this year. The anticipated continuation of the competitiveness between wheat and feed grain prices should provide a stimulus to wheat feeding.

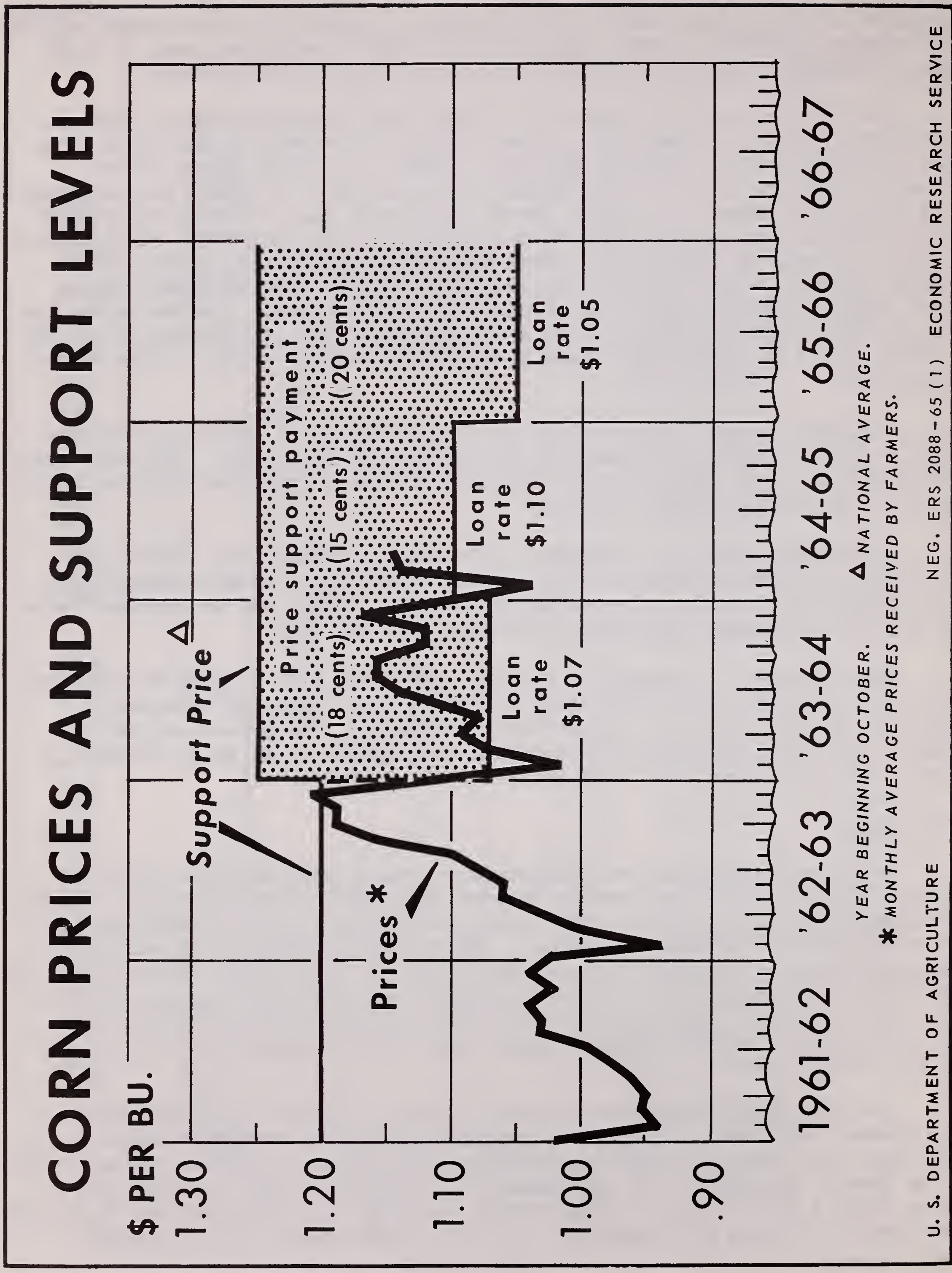
Exports are currently assumed at 700 million bushels for 1965-66, a continuation of the uptrend of recent years. Based on a total disappearance of 1,350 million bushels, the carryover on July 1, 1966, may be somewhat below the 905 million bushel carryover estimated for this July.

Wheat and flour exports during July 1964-March 1965 totaled an estimated 510 million bushels. For the entire marketing year, they are expected to reach 675 million bushels, as previously estimated. The price received by farmers for wheat during 1964-65 declined from a high of $1.39 per bushel in November and December 1964 to $1.36 per bushel in March.

Feed Grains

Feed grain prices during October 1964 - March 1965 averaged 5 percent higher than a year earlier, mostly because of reduced "free" supplies. Prices of high-protein feeds, on the other hand, were about 7 percent lower, mostly for oilseed meal and animal proteins. Prices paid by farmers for all feeds purchased averaged slightly below a year earlier. High-protein feed prices are expected to strengthen this spring and summer and likely will average above a year earlier during June-September. So prices paid by farmers for all feeds are likely to run slightly higher than a year earlier during the second half of the feeding year.

Corn prices have continued to rise slowly, following the sharp November to December increase. During recent months, corn prices advanced about in line with the Commodity Credit Corporation sale price. In March, prices received by farmers averaged $1.18 per bushel, 14 cents above last November and 7 cents above a year earlier. Some further seasonal price increase is in prospect for corn this spring and summer as a result of the smaller "free" supply.


CORN PRICES AND SUPPORT LEVELS
$ PER BU.
1.30
1.20
1.10
1.00
.90
Support Price Δ
Prices *
Price support payment
(18 cents)
(15 cents)
(20 cents)
Loan rate $1.07
Loan rate $1.10
Loan rate $1.05
1961-62
'62-63
'63-64
'64-65
'65-66
'66-67
YEAR BEGINNING OCTOBER.
Δ NATIONAL AVERAGE.
* MONTHLY AVERAGE PRICES RECEIVED BY FARMERS.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 2088-65 (1)
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Farmers will plant about 120 million acres of feed grains in 1965 if they carry out their March 1 plans. This is nearly 3 million acres less than in 1964 and the smallest acreage in more than 60 years. Smaller acreages are in prospect for corn, oats, and barley, while a little larger acreage is planned for sorghums. Total acreage would be about 31 million acres below the 1959-60 average--the base period for the feed grain program.

Prospective plantings are generally in line with the signup under the 1965 Feed Grain Program. Farmers have signed up to divert 36.6 million acres, 2.3 million more than was enrolled in the 1964 program. Planting intentions also indicate that farmers are taking advantage of the substitution provisions of the 1965 Feed Grain Program. Prospective plantings indicate that wheat producers are using some of their barley base for wheat and in some areas they will plant corn and sorghums on their wheat allotment. Wheat producers requesting an oat-rye base, could substitute between wheat, oats, and rye. The prospective 6 percent decrease in oat acreage, however, is no greater than in other recent years and does not indicate that farmers plan a major switch to wheat from oats.

Although 1965 feed grain production will be influenced by changes in farmers' plans after March 1 and by the growing season, with average yields (taking into account the upward trend of recent years) feed grain production on the 1965 prospective acreage would total a little over 150 million tons. This would be around 10 percent more than in 1964, but a little below the record 1963 crop. This, together with an expected carryover of about 56 million tons, would give a domestic supply not greatly different from a year earlier; around 10 percent below the record supply in 1960-61.

The quantity of feed grains placed under Government price support this year will be substantially smaller than in recent years. Through March, 9.1 million tons had been placed under loan, 7 million less than a year earlier. The quantity of 1965 feed grains delivered to CCC will again be much less than the large quantities acquired from the 1961 and 1962 crops.

Feed grain exports have increased sharply since the end of the Gulf and East Coast dock strike in mid-February. Exports in October-March are estimated at 9.8 million tons, recovering to only slightly below those of a year earlier. The total for the entire 1964-65 marketing year probably will equal the record 18.7 million tons exported in 1963-64.

Oilseeds, Fats and Oils

Soybean prices (No. 1 yellow, Chicago) advanced from a monthly average of $2.73 per bushel in October 1964 to $3.01 in March 1965. Average for the first half of the marketing year was $2.91 per bushel compared with $2.75 during October 1963-March 1964. Soybean prices in mid-April at $3.06 per bushel, were 44 cents above April 1964. Soybean prices are expected to continue strong during the rest of the marketing year averaging close to levels of the first half of the marketing year and above the year-earlier average of $2.58 per bushel. Current soybean supplies are below last year, and crusher and exporter demands during the rest of the marketing year are expected to be greater than a year ago.

Stocks of soybeans in all positions on April 1, 1965, totaled 347 million bushels compared with 377 million a year earlier. The decline is in farm stocks, as holdings by mills, elevators, and warehouses are up sharply. Soybean stocks on farms totaled 98 million bushels compared with 191 million on hand a year earlier, while off-farm stocks totaled 249 million bushels compared with 186 million on April 1, 1964.

The supply of soybeans for the 1964-65 marketing year is placed at 732 million bushels compared with 714 million a year ago. The increase is due to larger beginning stocks on October 1, 1964.

Soybean crushings in October 1964-March 1965 totaled 253 million bushels, 13 percent above last year and 2 percent above the 1962-63 record for this period. Crusher demand is greater this marketing year than last because (1) soybean oil stocks are down sharply, (2) domestic disappearance and exports of both soybean oil and meal are up significantly, and (3) soybean oil prices are averaging higher, by a third. Soybean crushings during April-September will decline seasonally and probably will hold close to last year's level because of the limited supply of beans. Crushings for all of 1964-65 are expected to total around 470 million bushels compared with 441 million a year earlier and the record 475 million in 1962-63.

Based on inspections, soybean exports from October 1, 1964, through April 16, 1965, totaled 126 million bushels, 9 million more than last year. This occurred despite a 4-week standstill from mid-January through mid-February due to the dock strike. The estimate of soybean exports for all of 1964-65 remains at 205 million bushels compared with 191 million in 1963-64.

Based on a crush of 470 million bushels, exports of 205 million bushels, and allowing about 47 million for seed, feed, and loss, the carryover of old-crop soybeans on September 30, 1965, would be around 10 million bushels compared with 32 million a year earlier. Ten million bushels is less than 1 week's requirements for crushing and export.

Farmer's planting intentions, reported as of March 1, showed a sharp increase in 1965 soybean acreage to 34.3 million, 8 percent more than planted in 1964. If U. S. growers carry out their intentions and the proportion of the total acreage harvested for beans is about the same as last year (97 percent), about 33.2 million acres would be harvested for beans. Based on an average yield per harvested acre with an allowance for trend, U. S. production of soybeans from this intended acreage would be about 829 million bushels, a record high. Soybean production was about 700 million bushels in both 1963 and 1964. A 1965 crop this size would bring estimated 1965-66 soybean supplies to about 839 million bushels compared with 732 million in 1964-65. Prices to growers for early movement of 1965-crop beans next September probably will continue favorable as the soybean carryover likely will be at the minimum level, and oil stocks are expected to be down sharply while export demand for soybeans and products remains strong.

Fruit

Consumer demand for fresh and processed fruit is expected to continue strong this spring and summer, supported by rising consumer incomes. Even so, grower prices for most fresh fruits this spring are expected to remain below year-earlier levels because of heavier supplies. Also, retail prices for processed fruits are down due mainly to heavier stocks.

As of early April prospects for the 1965 deciduous fruit crop were generally good. Most fruit areas went through the winter without serious losses from freezes and other weather hazards. The principal exception was the Pacific Northwest, where early winter cold and late March freezes caused varying degrees of damage to numerous fruits, especially cherries, peaches and apricots.

Early season prospects for peach production in the 9 Southern States were much better than a year ago, when a late March freeze severely curtailed the crop. In the 2 heaviest producing States, South Carolina and Georgia, April 1 prospects were for average crops in contrast to the very light 1964 production. If the April 1 prospects for peaches in the Southern States materialize, fresh market supplies from these States will be much larger, and prices can be expected to be somewhat lower, during June and July than in these months of 1964. California also will be an important shipper during the same months. Although California peaches and various other fruits in that State bloomed during March, the season had not advanced sufficiently by early April to indicate probable production.

Strawberry production in the early spring States is a little below last year because decreases in Alabama and Texas more than offset an increase in Louisiana. Berries from these States and California (mid-spring State) usually provide most of the fresh market strawberries during April. However, April rains in California reduced early-season supplies from this State. Prospective acreage for the mid-spring and late spring States, which grow the most, is down somewhat from 1964.

New crop (1965-66) citrus bloom was past the peak in Florida and at various stages in other States by mid-April. At the same time, harvest of the 1964-65 crop was continuing in large volume in Florida and California. Orange production in both States is exceeding early-season forecasts. Hence, the 1964-65 U. S. Valencia crop is now expected to be about 17 percent above 1963-64, although 4 percent below average. Total U. S. orange production is expected to be 28 percent above 1963-64 but 3 percent below average. The grapefruit crop is up 17 percent from last year, but lemon production is down 22 percent. Remaining supplies of oranges and grapefruit are larger, those of lemons smaller, than a year ago. Grower prices for oranges generally are below a year ago, but those for lemons are above.

To mid-April of this season, output of Florida canned and frozen orange and grapefruit juice and some other citrus products was much larger than a year earlier, and packers' stocks were up sharply. Production of Florida frozen orange concentrate from the Valencia crop is now well underway to swell the total pack. This points to much larger supplies of major citrus products this spring and summer than a year earlier. Prices for most orange products are now moderately to substantially below year-earlier levels.

Available data indicate that packers' stocks of principal canned deciduous fruits from the record 1964-65 pack apparently are much larger than a year ago. Cold storage stocks of frozen fruits are up substantially. On April 1, cold storage stocks of apples were a little smaller, those of pears considerably smaller, than a year earlier.

Commercial Vegetables

Fresh: Mostly due to less acreage, supplies of fresh vegetables this spring are expected to be moderately smaller than last year and the 1959-63 average. Estimated tonnage of 19 vegetables, which usually furnish about three-fourths of the total spring vegetable supply (excluding melons), is down 6 percent from last spring. Among principal items, early-spring sweet corn and tomatoes are expected to be heavier than in 1964. But substantial reductions are in prospect for early-spring cucumbers and onions--both in heavy supply last year--and moderate cuts are indicated for spring celery, and early-spring cabbage, asparagus, and lettuce. The spring pepper crop is 9 percent below last year but moderately above average.

Marketings of fresh vegetables are increasing seasonally. However, adverse March weather caused some damage and retarded growth in areas providing the bulk of early spring supplies, which may lead to more than usual overlap of harvests. Even so, with output smaller, prices likely will average close to the high levels of last spring. Although production estimates are not yet available, acreage of mid-spring snap beans is up slightly and that of late-spring cabbage, up moderately. Less acreage is indicated for late-spring asparagus and onions, and spring lima beans. Following a year of high prices, the late spring watermelon acreage is up 9 percent.

Processed: Although well above average, aggregate supplies of canned and frozen vegetables available into mid-1965 are moderately below a year ago, with stocks of most items down. Canned supplies of sweet corn, carrots, pickles, and snap beans are materially smaller than the heavy supplies of a year ago, and supplies of lima beans, peas, and kraut continue tight. Spinach, beets, and most tomato items are the only canned vegetables in relatively large supply. Cold storage holdings of snap beans, Brussels sprouts, and spinach are above year-earlier levels, but holdings of all other frozen vegetables are smaller.

Primarily because of smaller supplies, markets for processed vegetables this season have been stronger than a year earlier. Into late summer, prices for processed snap beans probably will average a little above a year earlier, and continued sharply higher prices are in prospect for sweet corn, lima beans

and kraut. Processed spinach and beets are the only major commodities meeting heavy market pressures. Despite current large stocks, markets for canned tomatoes and tomato products are rising because of the likelihood of a substantial reduction in 1965 packs.

Planting intentions reports in early March indicate canners plan a processing tomato acreage in California nearly a fourth below a year ago. Although tomato canners in other areas plan increases, total tomato acreage may be down a tenth. Canners plan substantial increases in acreage of other vegetables, including snap beans and sweet corn, 11 percent; green peas, 6 percent; and lima beans, 16 percent. Contract kraut acreage may be up one-fourth. With average yields, aggregate supplies of canned vegetables for the 1965-66 season would be about the same as those available this season, with snap beans and beets relatively heavy. Moderately to substantially more acreage is likely for all vegetables for freezing. Frozen vegetable supplies likely will be up moderately.

Potatoes

Supplies of potatoes this spring probably will total close to the relatively light supplies of last spring. Remaining storage stocks of old-crop potatoes are much smaller. But output of spring-crop potatoes is expected to be up sharply. The early-spring crop, at 4.8 million hundredweight, is 14 percent larger than last year. More acreage accounts for the increase; early reports indicate below-average yields. Acreage for harvest during the late spring is 26 percent more than in 1964. With average yields, tonnage would be almost a third above the small output of a year ago, and substantially above the recent 5-year average. Markets into mid-spring will be influenced primarily by volume of storage supplies; prices likely will average much above a year earlier. However, this year as always, markets later in the spring season will depend mostly on new-crop prospects. According to intentions reports, growers plan to increase acreage for 1965 summer and fall harvest 6 percent above last year.

Dry Beans and Peas

Remaining supplies of dry edible beans appear to be substantially smaller than a year earlier. Markets through the fall and winter were exceptionally strong, with prices for all classes averaging well above year-earlier levels. The September 1964-February 1965 price to growers was the highest in a decade. Prices for colored beans continue relatively high. However, because of a weak foreign demand this spring, markets for white classes have been under pressure, with prices running the same to a little below a year ago. Growers have reported intentions to plant 4 percent more acreage to dry beans in 1965 than in 1964. Assuming average yields, output on the planned acreage would be materially above 1964, and record-large. Despite expected light carryovers, supplies of both white and colored beans in the 1965-66 season would be much larger than those available this season.

Dry peas continue in heavy supply, with prices sharply below a year ago and the lowest since the late 1950's. Although foreign demand is expected to be strong during the next several months, continued market pressure is likely. Farmers plan a 13 percent cut in acreage this year, and with average yields, production would be down substantially. Because of an expected large carryover, however, supplies in 1965-66 may be only a little below this season's excessive supply.

Cotton

Carryover of upland cotton in the United States on August 1, 1965, is expected to total around 13.4 million bales. This would be an increase of almost 1.3 million from the past August and would mark the fourth consecutive year that the carryover has increased. The record-high upland cotton carryover was 14.4 million bales in 1956.

The carryover this crop year (1964-65) is expected to be up because disappearance is well below 1964's large crop. Preliminary ginnings indicate a 1964 upland crop of 15.0 million running bales. Record-high yields caused the large crop; harvested acreage was the smallest since 1958. Disappearance this year is expected to total about 13.9 million bales, down slightly from the 14.1 million the year before. Exports are down sharply this year, more than offsetting a rise in mill consumption.

Mill consumption of upland cotton during the current crop year (August 1964-July 1965) is estimated at 9.4 million bales, up 0.9 million bales from 1963-64 and the most since 1950-51. Large use of raw cotton this year is resulting from increased demand both by users of cotton fabric and final consumers of textile products. Consumption of raw cotton also is being stimulated by lower net cost to domestic users. This has improved the competitive price position of cotton relative to man-made fibers, particularly rayon and acetate fibers, in the domestic market.

For the past 7 months of the current crop year, upland cotton consumption was up 7 percent from a year earlier. The seasonally adjusted daily rate of mill consumption in February was down nearly 2 percent from January, but it was up almost 9 percent from February 1964. The seasonally adjusted daily rate of use of rayon and acetate staple fibers, on cotton-system spinning spindles, was down about 5 percent in February from a month earlier and 2 percent below February 1964. Consumption of non-cellulosic fibers continued to trend upward in February--reaching a new high. The upward trend in the use of these fibers reflects, among other factors, new and improved technology and large-scale promotion and advertising.

U.S. cotton exports during the 1964-65 crop year may total near 4.5 million bales, down from 5.7 million in 1963-64. The decline is attributed to factors which include: (1) Record-high cotton production in foreign free-world countries; (2) reduced free-world trade with Communist countries (Russia and Mainland China); and (3) a working down of stocks in importing countries. A sharp reduction of stocks in importing countries and a slowdown in mill activity could result in U.S. cotton exports of less than 4.5 million bales.

Tobacco

In 1964, U.S. smokers consumed about 511 billion cigarettes--$2\frac{1}{2}$ percent below the record 1963 number. Cigarette consumption per capita (18 years and over) was down $3\frac{1}{2}$ percent from the 1963 peak and the lowest since 1960. Tax data indicate that by late 1964, cigarette consumption had regained and probably topped the late-1963 level. Cigarette consumption in 1965 seems likely to increase gradually, but uncertainties affecting the outlook will continue for some time. Congressional committees in both the Senate and House of Representatives are considering legislation on cigarette labeling and advertising.

The 1964 consumption of cigars and cigarillos totaled about 9.1 billion--25 percent more than in 1963 and 7 percent above the long-standing record of 1920. The Cigar Manufacturers' Association reports that cigarillos accounted for slightly more than one-fourth of total domestic sales in 1964, compared with about one-sixth in 1963. In 1920 the full-size cigars were dominant. Consumption of cigars and cigarillos is expected to continue to gain in 1965 and set a new high. The 1964 consumption of smoking tobacco rose about 18 percent above 1963 to the highest since 1953. The 1964 output of chewing tobacco was up about 1 percent, but the output of snuff was down 1 percent.

Exports of unmanufactured tobacco in 1964 totaled about 584 million pounds (farm-sales weight)--a little above 1963. The December 1964 exports were unusually large, probably due to anticipation of the dock strike. The strike, during January and February, sharply reduced tobacco exports in those months. For the year ending June 30, 1965, exports are likely to be down about 8 percent below the 8-year high of 1963-64, largely because exports of flue-cured--the major export kind--will likely be down. Competition in world markets from foreign tobacco-producing areas continues strong.

Government price support levels for eligible 1965 tobaccos are about 1 percent higher than for 1964. The increase results from the rise in the parity index--based on the comparison of its average for the 3 most recent years (1962-64) with 1959, as specified by law. The parity index measures changes in prices of commodities and services commonly bought by farm families.

Legislation enacted by Congress and approved by the President on April 16 provides for an alternative program for adjusting tobacco production in line with domestic and export requirements. This alternative to the present acreage allotment program is an acreage-poundage program. For 1965, it will be available only for flue-cured tobacco and will go into effect only if approved in the special referendum tentatively scheduled for May 4 by more than two-thirds of the growers voting. If approved in the referendum, the acreage-poundage program will apportion among growers both acreage allotments and the number of pounds that can be marketed. Under the acreage allotment program continuously in effect on flue-cured for the past 25 years, growers could market without penalty all they produced so long as they complied with their acreage allotment. Many growers have greatly intensified their cultural practices, and with accelerated increases in per acre yields, large supplies have accumulated. Under the program now in operation, flue-cured tobacco

acreage allotments were cut 5 percent in 1963, another 10 percent in 1964, and last December a further cut of $19\frac{1}{2}$ percent was announced for 1965. If growers favor the acreage-poundage program, acreage of flue-cured will be larger than indicated by March 1 planting intentions. On the other hand, yields per acre will be reduced as many growers apply cultural practices to enhance the quality of their tobacco instead of using practices followed in recent years to maximize quantity.

The 1965 acreage of burley, according to intentions expressed by growers March 1, will be a tenth below 1964, reflecting the 10 percent cut in allotments. Allowing for trend in average yield per acre, the intended acreage of burley would result in a 1965 production about 3 percent above past season marketings when dry weather in some areas reduced the crop. Burley carryover into 1965-66 is likely to be at a new high which, together with this year's production, may raise the 1965-66 supply to a record high.

Based on the 1965 intended acreage and an average yield per acre allowing for trend, the 1965 Maryland crop would be about 11 percent below the 1964 estimated outturn. But carryover is expected to rise to a new high, and the 1965-66 total supply is indicated to be a little above that for the current marketing year. Auctions for the 1964 Maryland crop began April 21 and are scheduled to continue through July 9. Prices for the first 3 days' sales averaged 66.2 cents a pound, compared with 45.6 cents a year earlier, when the 1963 crop--adversely affected by drought--was marketed.

Based on the 1965 prospective acreages and average yields with allowance for trend, production of fire-cured tobacco would be about 7 percent smaller than 1964 crop marketings; production of dark air-cured and sun-cured tobaccos would be 6 percent below 1964 crop marketings. The 1965 intended acreage of Pennsylvania filler is the same as last year's harvested acreage, but intended acreage of Ohio filler is up 5 percent. Intended 1965 acreage of Connecticut Valley binder is around a tenth below 1964; that of Wisconsin binder is about the same as the previous year. According to March 1 intentions, 1965 acreage of shade-grown cigar wrapper will be up 10 percent from 1964 in the Connecticut Valley and up 9 percent in the Georgia-Florida area.

Table 8.--Economic factors affecting Agriculture, 1929, 1941, 1947 and 1951-64

Item	Unit or base	1929	1941	1947	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964p
Gross national product, total 1/	Bil. dol.	104.4	125.8	234.3	329.0	347.0	365.4	363.1	397.5	419.2	442.8	444.5	482.7	502.6	518.7	556.2	583.9	622.6
Personal consumption expenditures	Bil. dol.	79.0	81.9	165.4	209.8	219.8	232.6	238.0	256.9	269.9	285.2	293.2	313.5	328.2	337.3	356.8	375.0	399.3
Durable goods	Bil. dol.	9.2	9.7	20.6	29.5	29.1	32.9	32.4	39.6	38.5	40.4	37.3	43.6	44.9	43.7	48.4	52.1	57.0
Nondurable goods	Bil. dol.	37.7	43.2	93.4	110.1	115.1	118.0	119.3	124.8	131.4	137.7	141.6	147.1	151.8	155.4	162.0	167.5	177.3
Services	Bil. dol.	32.1	29.0	51.4	70.2	75.6	81.8	86.3	92.5	100.0	107.1	114.3	122.8	131.5	138.3	146.4	155.3	165.1
Gross private domestic investment	Bil. dol.	16.2	18.1	31.5	56.3	49.9	50.3	48.9	63.8	67.4	66.1	56.6	72.7	71.8	68.8	79.1	82.0	87.7
Net exports of goods and services	Bil. dol.	.8	1.1	9.0	2.4	1.3	-.4	1.0	1.1	2.9	4.9	1.2	-.8	3.0	4.6	4.0	4.4	7.0
Government purchases of goods and services	Bil. dol.	8.5	24.8	28.4	60.5	76.0	82.8	75.3	75.6	79.0	86.5	93.5	97.2	99.6	108.0	116.3	122.6	128.6
Federal (less Government sales)	Bil. dol.	1.3	16.9	15.6	38.8	52.9	58.0	47.5	45.3	45.7	49.7	52.6	53.6	53.1	57.4	62.9	64.7	65.5
State and local	Bil. dol.	7.2	7.8	12.7	21.7	23.2	24.9	27.7	30.3	33.2	36.8	40.8	43.6	46.5	50.6	53.5	57.9	63.0
Implicit price deflator for GNP	1954=100	57.4	52.9	83.0	96.2	98.1	99.0	100.0	101.2	104.6	108.4	110.8	112.6	114.2	115.8	116.7	118.5	120.7
Industrial production, total 2/	1957-59=100	38	56	66	81	84	91	86	97	100	101	94	106	109	110	118	124	132
Total civilian employment 3/	Millions	47.6	50.4	57.8	60.8	61.0	61.9	60.9	62.9	64.7	65.0	64.0	65.6	66.7	66.8	67.8	68.8	70.4
Nonagricultural employment	do.	37.2	41.2	49.6	53.7	54.2	55.4	54.4	56.2	58.1	58.8	58.1	59.7	61.0	61.3	62.7	63.9	65.6
Unemployment	do.	1.6	5.6	2.4	2.1	1.9	1.9	3.6	2.9	2.8	2.9	4.7	3.8	3.9	4.8	4.0	4.2	3.9
Income:																		
Nonagricultural payments 1/	Bil. dol.	77.7	88.0	172.8	237.0	254.3	271.5	273.8	295.0	317.9	336.1	343.0	368.6	385.1	400.4	424.9	446.6	474.2
Production-worker payrolls 4/	1957-59=100	20.0	30.7	60.3	80.3	84.5	93.6	85.4	94.8	100.2	101.4	93.5	105.1	106.7	105.4	113.8	117.9	124.7
Weekly earnings of production workers in manufacturing 4/	Dollars	24.76	29.48	49.17	63.34	67.16	70.47	70.49	75.70	78.78	81.59	82.71	88.26	89.72	92.34	96.56	99.63	103.38
Durable goods	do.	26.84	33.56	51.76	68.48	72.63	76.63	76.19	82.19	85.28	88.26	89.27	96.05	97.44	100.35	104.70	108.50	112.19
Nondurable goods	do.	22.47	24.39	46.03	56.88	59.95	62.57	63.18	66.63	70.09	72.52	74.11	78.61	80.36	82.92	85.93	87.91	90.91
Agricultural trade: 5/																		
Domestic exports	Bil. dol.	1.7	.7	4.0	4.0	3.4	2.8	3.1	3.2	4.2	4.5	3.9	4.0	4.8	5.0	5.0	5.6	6.3
Imports for consumption	Bil. dol.	2.2	1.7	2.8	5.2	4.5	4.2	4.0	4.0	4.0	4.0	3.9	4.1	3.8	3.7	3.9	4.0	4.1
Prices: 4/																		
Wholesale prices, all commodities	1957-59=100	52	48	81	97	94	93	93	93	96	99	100	101	101	100	101	100	100
Commodities other than farm and food	do.	52	50	75	92	89	90	90	92	96	99	100	101	101	101	101	101	101
Farm products	do.	64	50	109	124	117	106	104	98	97	99	104	97	97	96	98	96	94
Food processed	do.	54	47	91	103	101	97	98	94	94	98	103	99	100	101	101	101	101
Consumer price index 6/	do.	60	51	78	90	92	93	94	93	95	98	101	102	103	104	105	107	108
Food	do.	56	44	81	95	97	96	95	94	95	98	102	100	101	103	104	105	106
Prices received by farmers 7/	1910-14=100	148	124	276	302	288	255	246	232	230	235	250	240	238	240	244	242	236
Crops	do.	135	108	163	265	267	240	242	231	235	225	223	221	222	227	231	237	237
Livestock and products	do.	159	138	288	336	306	268	249	234	226	244	273	256	253	251	255	245	235
Prices paid, interest, taxes and wage rates 7/	1910-14=100	160	133	240	282	287	277	278	276	278	287	294	298	300	302	307	312	313
Items used in living	do.	154	130	237	268	271	269	270	270	274	282	287	288	290	291	295	298	300
Items used in production	do.	146	130	224	273	274	256	255	251	250	257	264	266	265	266	270	273	270
Parity ratio		92	93	115	107	100	92	89	84	83	82	85	81	80	79	79	78	75

1/ U. S. Department of Commerce. 2/ Federal Reserve Board. 3/ U. S. Department of Labor, old definition used for 1929 and 1941. 4/ U. S. Department of Labor. 5/ U. S. Department of Agriculture, Foreign Agricultural Service. 6/ Beginning 1964, new series. 7/ U. S. Department of Agriculture, Statistical Reporting Service. p. Preliminary.

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